

2050 Metropolitan Transportation Plan

for the Rockford Region



Technical Memorandum #4

Financial Analysis and Funding Resources



Adopted:
July 31, 2020

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This document has been prepared by the Region 1 Planning Council in collaboration with its member agencies, partnership organizations, and local stakeholders.

This report was prepared in cooperation with the following:

U.S. Department of Transportation
Federal Highway Administration
Federal Transit Administration
Illinois Department of Transportation

The contents, views, policies, and conclusions expressed in this report are not necessarily those of the above agencies.



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Table of Contents

- Introduction 1**

- Financial Analysis Process**
 - Data Limitations 2
 - Roadways 3
 - Public Transportation..... 6

- Financial Resources**
 - Federal Programs 9
 - State Programs 11
 - Local Sources 12

- Appendices**
 - A Funding Source Summary Table..... 13

List of Tables

Table 2-1. Historic Transportation Funding, FY 2016- FY 2020	3
Table 2-2. Roadway Revenue Forecast by Source, in Year-of-Expenditure Dollars (in Millions)	4
Table 2-3. Expenditures by Improvement Type, FY 2021 – FY 2050 (in Millions)	5
Table 2-4. Roadway Revenue vs Expenditures (in Millions)	5
Table 2-5. Public Transportation Revenue Forecasts, FY 2021 – FY 2050	6
Table 2-6. Capital Expenditure Forecast by Source, in Year-of-Expenditure Dollars	8
Table 2-7. Operating Expenditure Forecast by Type, in Year-of-Expenditure Dollars	8
Table A-1. Funding Source Summary	13

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Part 1: Introduction

Region 1 Planning Council (RPC), acting as the Rockford Metropolitan Planning Organization (MPO), is responsible for developing the 2050 Metropolitan Transportation Plan (MTP) for the Rockford Region. The 2050 MTP addresses the transportation system in the Rockford Metropolitan Planning Area (MPA), consisting of the urbanized portions of Boone, Ogle, and Winnebago Counties by providing an innovative and sustainable framework for the region's transportation network over the next twenty to thirty years. Federal requirements stipulate that a financial plan be included in the MTP that demonstrates how the identified projects can be implemented using public and private sources that are reasonably expected to be made available over the lifespan of the document.

As a part of the 2050 MTP development process, the MPO conducted a financial analysis to support the implementation projects included in the fiscally-constrained Financial Plan of the MTP. The goal of this analysis was to demonstrate the balance between reasonably anticipated revenue sources and the estimated cost of projects. This analysis is federally required under the guidance of the Fixing America's Surface Transportation (FAST) Act and the Final Rule on Metropolitan Transportation Planning (23 CFR 450).

Included in [Part 5: The Financial Plan](#) of the 2050 MTP are the resulting forecasts and recommendations based on the financial analysis. It includes an overview of the federal, state, and local

funding sources historically utilized in the region for transportation projects and those expected to continue to be utilized in the future. The Financial Plan also includes a list of transportation projects that fit within the forecasted revenues and align with the goals and objectives of the 2050 MTP. Projects within the Financial Plan are broken out into state-sponsored projects and locally-sponsored projects. Projects are further delineated by the four cost bands: current (2021 – 2025), short-range (2026 – 2030), mid-range (2031 – 2040), and long-range (2041 – 2050).

Following federal guidelines, the MPO has also included an additional list of projects that are illustrative in nature within the financial plan. These are shown separately within the 2050 MTP, as these projects do not have an identified funding source or do not fall within the estimates of anticipated revenue sources. However, the MPO believes these projects are of significant importance to the region and should be represented within the MTP. If additional funding is identified within the future or regional priorities shifts, these projects may be amended into the fiscally-constrained list.

To provide a better understanding of the Financial Plan presented in the 2050 MTP, the following Technical Memorandum has been provided. This document highlights the process used by the MPO to develop the financial assumptions, as well as detailed information on federal, state, and local funding sources.



Morgan Street Bridge Construction. Rockford, IL

Part 2:

Financial Analysis Process

The financial analysis provides the funding framework for transportation maintenance, operations, and capital investments for the Rockford MPA over the 30-year span of the MTP. It is important to note that long-range forecasts are estimates based on the best available information at the time the forecasts are made. The MPO, along with partner agencies, undertook a phased approach to the financial analysis process: Phase 1 – Historic Funding, Phase 2 – Revenue Forecasts, Phase 3 – Expenditure Forecasts, and Phase 4 – Results. Separate financial analyses were conducted for highway funds and public transportation funds; however, the same phased approach was undertaken for both.

Through the analysis process, several limitations in forecasting revenues and expenditures were encountered. These limitations have been provided below.

Data Limitations

The main source of revenue sources for the financial analysis was collected from the MPO's [Transportation Improvement Program](#) (TIP). The purpose of the TIP is to document infrastructure and non-infrastructure transportation projects programmed within the MPA over the next four fiscal years. This includes all surface transportation projects receiving Federal and State funding, projects of regional significance, and public transportation operations and/or capital using federal funding. Similar to the MTP, the TIP is a fiscally constrained program outlining the most immediate implementation priorities and is updated annually. In order to receive federal and state highway, transit, or other transportation related funds, a project must be listed in the TIP.

In order to obtain an account of transportation funds, the Awarded, Initiated, or Completed (AIC) tables of the TIP were used. The AIC element of the TIP demonstrates the final phase of the highway project's lifecycle in which construction has begun, construction has been completed, or has been awarded via letting. The AIC table was chosen to be used as the basis for the financial plan because at the time of award a project passes out of the planning phase and into implementation.

While the TIP provides a snapshot of dollars received and programmed for transportation projects in the region, there are some data limitations. In order to overcome the limitations below, the MPO worked with local jurisdictions and IDOT, as needed, to address any concerns related to these limitations.

For instance, while project costs and source breakouts are listed within the TIP, there is sometimes a difference in the final project cost versus what is shown in the TIP. Project closeout costs may take months or even years to be finalized. As such, a cost identified in the AIC may not represent the final amount expended on a particular project, as these projects are no longer listed in future

TIP updates and not amended to reflect final closeout costs.

Another limitation of utilizing the TIP for forecasting purposes is the inclusion of projects into the annual update of the TIP. Under federal regulation, the TIP must contain all regionally significant projects that are funded through federal and state funding programs, as well as regionally significant projects funded locally. While the MPO encourages partners to include all projects within the TIP, some jurisdictions choose to include only projects receiving federal and/or state funding and not projects being funded entirely through local sources. As a result, some transportation expenditures may not be represented within the TIP and can cause a difference in the total revenues and expenditures in the region.

Another limitation of relying on the TIP is the potential gap between the funding allocated to jurisdictions on an annual basis and the amount programmed for a given year. Many programs allow flexibility on when allocated funds must be spent by. This flexibility allows local jurisdictions and IDOT to pool funds from multiple allocation years in order to implement a large-scale transportation project. Due to pooled resources, in some years the allocated amount may differ than what is programmed within the TIP.

A similar limitation includes the inability to account for unscheduled or discretionary funding sources. A common example in Illinois is a varying number of years between State capital bills, which provides funding above traditional program allocations for capital projects throughout the state. While impactful, there are no guarantees of when funds will be available or what projects will receive funding once a bill expires. This is a growing limitation for public transit, as many new federal funding programs are discretionary instead of formula-based.

Finally, allocations received by jurisdictions have their own limitations. How allocations are spent by the receiving jurisdictions are largely determined by the governing body of the agency. In cases in which a jurisdiction has both rural areas and areas within the MPA, the amount of allocated funds received may be different than the amount spent within the MPA. This can cause a discrepancy between allocated amount and what is programmed within the TIP.

Roadways

Phase 1: Historic Funding

The first step in the financial analysis process for the 2050 MTP was a review of the historic transportation-related expenditures and revenues in the region. Expenditure and revenue data was collected from multiple sources, including Illinois Department of Transportation (IDOT), the MPO, and individual counties and municipalities. As previously stated, the main source of historic funding was collected from the Awarded, Initiated, or Completed (AIC) tables of the MPO’s Transportation Improvement Program (TIP).

In addition to the AIC tables, the MPO reviewed historic allocations for several formula programs. Funding through formula programs are distributed based upon a criteria determined through legislation or agreements. The State of Illinois is responsible for the distribution of formula funding and issues circular letters with the amount of funding allocated to individual municipalities, townships, counties, and in some cases to the urbanized area. Some formula programming funding received in the region for transportation projects include the Motor Fuel Tax (MFT) and Surface Transportation Block Grant (STBG). Included in Appendix A: Funding Source Summary Table is the distribution methods for the various funding programs received in the region.

For cost-estimating purposes, local funding sources have been grouped. Local funding can come from a variety of sources dependent upon individual jurisdictions. Local funding sources that have been included could be derived from municipal or county general funds, retail sales taxes (RST), motor fuel tax (MFT), tax increment financing (TIF) districts, etc.

Table 2-1 illustrates the funds expended from various public funding sources for roadway improvements between FY 2016 and FY 2020. This table shows that the average annual public funding for roadway improvements was \$67,263,190.

Table 2-1. Roadway Expenditures by Source, FY 2016- FY2020 (in millions)

Funding Source	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	5-Year Average
STBG-State	\$46.5	\$0.0	\$1.0	\$0.0	\$0.0	\$9.5
STBG-Rural ^[1]	\$1.5	\$1.6	\$1.7	\$1.7	\$1.8	\$1.7
STBG (MPO)	\$2.6	\$2.8	\$2.9	\$3.0	\$3.0	\$2.8
STBG-Bridge	\$1.6	\$1.9	\$2.0	\$1.3	\$1.4	\$1.7
TAP	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
ITEP	\$1.7	\$0.0	\$0.5	\$0.0	\$0.0	\$0.4
Major Bridge ^[2]	\$1.3	\$2.5	\$0.0	\$0.0	\$1.5	\$1.1
NHPP	\$24.0	\$0.0	\$0.0	\$0.0	\$0.0	\$4.8
HSIP	\$3.8	\$1.8	\$6.4	\$0.1	\$0.6	\$2.6
IDOT	\$37.5	\$4.0	\$0.7	\$0.0	\$11.2	\$10.7
Other State	\$0.3	\$1.8	\$0.0	\$0.0	\$0.2	\$0.5
Local	\$40.0	\$31.8	\$21.2	\$15.3	\$48.0	\$31.3
Total	\$161.2	\$48.6	\$36.8	\$21.7	\$68.1	\$67.3

Source: Region 1 Planning Council.

Phase 2: Revenue Forecasts

Predicting funding levels for the near-term, let alone for the long-term, can be a difficult task. The MPO has had to make several assumptions for the financial analysis process of the 2050 MTP in order to provide the most realistic forecast as possible.

Forecasting short-term federal funding can be relatively accurate if Congress has recently authorized spending for a designated timeframe. However, transportation legislation expires or can be extended without significant revisions, thus causing uncertainty in future funding programs and the amounts authorized per program. The timing of the 2050 MTP corresponded with the expiration of the appropriations authorized in the FAST Act, as it only authorized funding between FY 2015 and FY 2020. At the time of drafting this document, Congress had been working on a new, multi-year act for transportation funding, however it had not yet been signed into law. With some uncertainty in the federal transportation funding programs, the MPO has assumed that federal revenues will stay relatively static until further Congressional action.

Funding projections have been calculated based upon the five-year average of funding totals between FY 2016 – FY 2020. In order to reflect “year of expenditure dollars”, the MPO elected to create cost bands for forecasting future funds. The cost bands include: current (2021 – 2025), short-range (2026 – 2030), mid-range (2031 – 2040), and long-range (2041 – 2050). These cost bands allowed the MPO to inflate revenues to the middle year of the cost band. A rate of 2-percent was applied to the five-year averages to account for any inflation and potential growth. This rate was chosen based upon best practices. Revenue amounts described below are expressed in year of expenditure dollars.

Current (FY 2021 – 2025)

The amount of funding that is anticipated to be available in the next 5-year period is \$356,901,150. Federal programs will provide the second largest share of revenue, totaling \$131,820,900. The state’s share of the anticipated funds is \$59,091,730. While the largest anticipated source of funding will be from local sources, equaling \$165,988,520.

Short Range (FY 2026 – FY 2030)

The total amount of funding estimated to be available between FY 2026 and FY 2030 for roadways improvements is \$394,047,710. Of those funds, it is anticipated that \$145,540,920 will be allocated from federal funding programs and \$65,242,050 will be derived from state sources. Local revenues are anticipated to total \$183,264,740.

Mid-Range (FY 2031 – FY 2040)

The amount expected to be available for mid-range roadway improvements, occurring between FY 2031 and FY 2040, is \$429,447,700. Revenue anticipated from federal sources totals \$341,048,770, while state revenues is anticipated to be around \$152,882,920. Local shares are anticipated to be \$429,447,700.

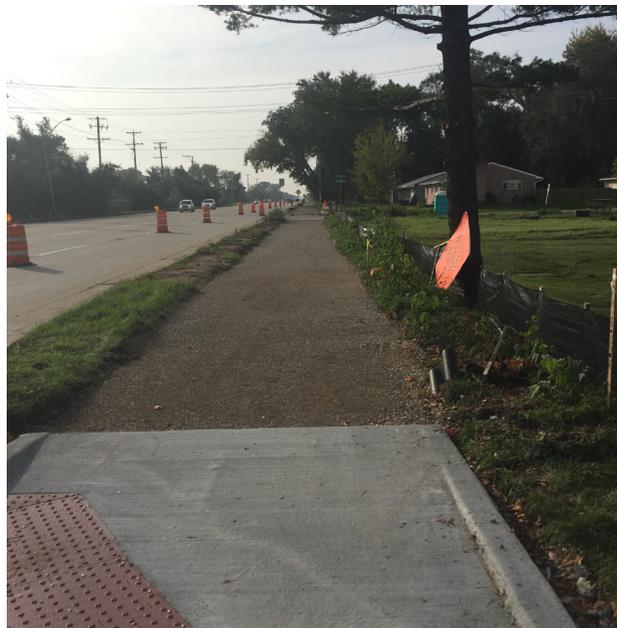
Long-Range (FY 2041 – FY 2050)

The amount of funding that is anticipated to be available in the last 10-year period (FY 2041 – FY 2050) of the 2050 MTP is \$1,125,594,330. Of the anticipated available funding, the federal share is \$415,736,550; the state share is \$186,363,420; and local share is \$523,494,350.

Anticipated revenues for roadway projects over the next 30-year period is \$2,809,220,000. The resulting funding forecasts are illustrated in Table 4-2.

Phase 3: Expenditure Forecasts

The next step in the financial analysis process focused on the identification of potential projects. Many of the proposed improvements have been carried over from previous transportation planning efforts, including the MPO’s 2040 long-range transportation plan. Working with local governments and stakeholders, the MPO reviewed projects to determine which projects have been completed or construction had begun. Additionally, lead agencies were able to request the removal of projects. Typically, projects were requested to be removed from the list because the agency was no longer pursuing funding for it or



North Alpline Path Construction. Machesney Park, IL

Table 2-1. Roadway Revenue Forecast by Source, in Year-of-Expenditure Dollars (in Millions)

Funding Source	Current (2021-2024)	Short (2025-2030)	Mid (2031-2040)	Long (2041-2050)	30-Year Totals (2021-2050)
STBG-State	\$50.5	\$55.7	\$130.5	\$159.1	\$395.8
STBG-Rural ^[1]	\$8.8	\$9.7	\$22.7	\$27.6	\$68.8
STBG (MPO)	\$15.1	\$16.7	\$39.1	\$47.6	\$118.5
STBG-Bridge	\$8.8	\$9.7	\$22.7	\$27.6	\$68.7
TAP	\$1.7	\$1.9	\$4.4	\$5.4	\$13.4
ITEP	\$2.4	\$2.6	\$6.2	\$7.5	\$18.7
Major Bridge ^[2]	\$5.6	\$6.2	\$14.5	\$17.7	\$44.0
NHPP	\$25.5	\$28.2	\$66.0	\$80.5	\$200.1
HSIP	\$13.5	\$14.9	\$35.0	\$42.7	\$106.2
IDOT	\$56.7	\$62.5	\$146.6	\$178.7	\$444.4
Other State	\$2.4	\$2.7	\$6.3	\$7.7	\$19.1
Local	\$166.0	\$183.3	\$429.4	\$523.5	\$1,302.2
Other	\$0.0	\$0.0	\$5.5	\$3.8	\$9.3
Total	\$356.9	\$394.0	\$928.9	\$1,129.4	\$2,809.2

Source: Region 1 Planning Council.

had removed it from their own capital plans. Once these requests were reviewed, the projects were removed from the list.

Additional projects were identified through a call for projects to local governments for the MPO’s Surface Transportation Block Grant (STBG) program. STBG is one of the primary federal funding programs for the region to implement transportation projects identified in the MTP. Projects submitted through the 2019 STBG Call for Project were included within the list. Several projects were also identified through coordination with local governments and stakeholders. All of the projects identified through these means were incorporated into the financially unconstrained project list.

Costs for the projects previously included in the plan were updated and cost estimates were developed for newly identified projects. All project cost estimates from partner agencies were in 2019 dollars. Project costs, similar to the development of the revenue forecasts, are required to be in YOE dollars. For cost estimating purposes, the proposed roadway projects were divided into cost bands, based upon their projected completion year. Each project was inflated at a rate of 3.4 percent to the middle year of the respective cost band. The rate of 3.4 percent includes a 2 percent inflation rate, as well as a 1.4 percent growth rate to account for increases that may occur in construction costs, such as labor and materials.

The anticipated funds needed to implement the identified projects is \$2,809,220,000. The forecasted expenditures by type of project is illustrated in Table 2-3.

Detailed project information on the projects listed in the MTP is provided in Technical Memo #6: Detailed Project List. Also included in Technical Memo #6 are definitions of the various improvement types.

Table 2-3. Expenditures by Improvement Type, FY 2021 – FY 2050

	Current (2021-2024)	Short (2025-2030)	Mid (2031-2040)	Long (2041-2050)	30-Year Totals (2021-2050)	Percent of Expenditures
Capacity Expansion Projects						
New Road or Extension	\$5.5	\$26.2	\$34.5	\$419.2	\$485.5	17.3%
Interchange	\$0.0	\$0.0	\$0.0	\$96.2	\$96.2	3.4%
Intersection	\$6.0	\$0.0	\$17.2	\$16.8	\$40.0	1.4%
Realignment	\$0.0	\$0.0	\$0.0	\$18.0	\$18.0	0.6%
Road Widening	\$32.8	\$442.1	\$301.9	\$515.0	\$1,291.7	46.0%
Total	\$44.3	\$468.3	\$353.6	\$1,065.2	\$1,931.3	68.8%
Maintenance & Preservation Projects						
Bridge or Structure	\$15.9	\$51.3	\$90.9	\$0.0	\$158.2	5.6%
Intersection	\$6.6	\$2.8	\$1.7	\$36.1	\$47.2	1.7%
Reconstruction	\$45.3	\$13.1	\$283.1	\$30.0	\$371.5	13.2%
Resurfacing, Restoration, or Rehabilitation	\$13.9	\$0.0	\$10.3	\$6.9	\$31.1	1.1%
Road Widening	\$8.9	\$165.0	\$49.6	\$28.8	\$252.3	9.0%
Other	\$4.4	\$13.1	\$0.0	\$0.0	\$17.5	0.6%
Total	\$95.1	\$245.4	\$435.6	\$101.8	\$877.9	31.2%

Source: Region 1 Planning Council.

Phase 4: Results

As can be seen, the cost to the region over the next 30-year period is a substantial one, but a necessary one in order to not only maintain the roadways as they currently stand, but to expand them in order to meet future demand and economic growth that will occur in that same timeframe. The total cost to the region for the fiscally-constrained project list is estimated at \$2,809,220,000 which aligns with the reasonably anticipated funding revenues, as shown in Table 5-4.

Table 2-4. Comparison of Expenditures and Revenues, FY2021 – FY2050

Cost Band	Revenue	Expenditures	Difference
Current (2021-2024)	\$356.9	\$139.4	\$217.5
Short (2025-2030)	\$394.0	\$713.6	-\$319.6
Mid (2031-2040)	\$928.9	\$789.2	\$139.7
Long (2041-2050)	\$1,129.4	\$1,167.0	-\$37.6
30-Year Totals (2021-2050)	\$2,809.2	\$2,809.2	\$0.0

Source: Region 1 Planning Council.

Public Transportation

Phase 1: Historic Funding

Looking at the future of public transit, various factors must be taken into consideration to enhance and assist the functionality and accessibility of transit options in the metropolitan planning area (MPA). Funding for public transit in the region comes from a mixture of Federal, State, and local funding sources, each with its own dedicated use. Forecasts for capital and operating revenues were developed utilizing RMTD budget actuals and FTA appropriations from FY 2015 to FY 2019. Capital revenue sources consisted of appropriations from FTA section 5310, 5339, and non-operating 5307 formula funds. Operating revenue sources include FTA section 5307 funds used for operating, state and local assistance and matches, and revenue directly generated from the provision of public transportation. A current capital inventory and future replacement schedule was also collected to determine replacement costs.

It should be noted that although service in urbanized Boone County is provided by the Boone County Council on Aging (BCCA), they are serving as the contracted provider for RMTD. All historic operating costs for service in urbanized Boone County is reflected in RMTD's annual budgets. Additionally, a current inventory and replacement schedule was collected for BCCA capital rolling stock used for urban service provision, and will be added to the region's total capital needs.

Phase 2: Revenue Forecasts

As with the Roadway section, funding projections have been calculated based upon the five-year average of funding totals between FY 2015 – FY 2019. In order to reflect “year of expenditure dollars”, the MPO elected to create cost bands for forecasting future funds. The cost bands include: current (FY 2021 – FY 2025), short-range (FY 2026 – FY 2030), mid-range (FY 2031 – FY 2040),

and long-range (FY2041 – FY2050). These cost bands allowed the MPO to inflate revenues to the middle year of the cost band. The plan assumes a 3 percent inflation rate for federal funding sources and a 2.1 percent inflation rate for all other sources. These rates were chosen based upon best practices. Revenue amounts described below are expressed in year of expenditure dollars.

Current (FY 2021 – 2025)

The amount of funding that is anticipated to be available in the next 5-year period is \$100,232,762, including \$86,700,475 for operating and \$13,532,286 for capital. Federal programs will provide the second largest single share of revenue, totaling \$18,584,185. The state's share of the anticipated funds is \$54,801,854, while the local and operating revenues together total \$23,841,312.

Short Range (FY 2026 – FY 2030)

The total amount of funding estimated to be available between FY 2026 and FY 2030 is \$107,689,535, including \$96,645,275 for operating and \$11,044,260 for capital. Of those funds, it is anticipated that \$21,544,163 will be allocated from federal funding programs and \$59,693,350 will be derived from state sources. Local and operating revenues are anticipated to total \$26,452,021.

Mid-Range (FY 2031 – FY 2040)

The amount expected to be available for mid-range expenses, occurring between FY 2031 and FY 2040, is \$255,847,480, including \$230,056,699 for operating and \$25,790,781 for capital. Of those funds, it is anticipated that \$52,392,709 will be allocated from federal funding programs and \$140,981,422 will be derived from state sources. Local and operating revenues are anticipated to total \$62,473,350.

Table 2-5. Public Transportation Revenue Forecasts, FY 2021 – FY 2050

Capital						
Funding Source	5-Year Average (2015-2019)	Current (2021-2024)	Short (2025-2030)	Mid (2031-2040)	Long (2041-2050)	30-Year Totals (2021-2050)
FTA 5307	\$4,227,913.7	\$6,166,518.0	\$7,148,684.4	\$18,111,479.1	\$24,340,313.4	\$55,766,994.9
FTA 5339	\$342,056.8	\$1,868,873.5	\$2,166,536.6	\$5,489,007.5	\$7,376,767.1	\$16,901,184.7
FTA 5310	\$272,983.8	\$1,491,483.8	\$1,729,038.6	\$2,190,294.3	\$2,943,572.4	\$8,354,389.1
Total	\$4,842,954.3	\$13,532,286.3	\$11,044,259.6	\$25,790,780.9	\$34,660,652.9	\$85,027,979.7
Operating						
Funding Source	5-Year Average (2015-2019)	Current (2021-2024)	Short (2025-2030)	Mid (2031-2040)	Long (2041-2050)	30-Year Totals (2021-2050)
Federal	\$1,657,744.2	\$9,057,309.2	\$10,499,903.8	\$26,601,927.9	\$35,750,766.7	\$81,909,907.6
State	\$10,109,973.4	\$53,801,854.2	\$59,693,350.2	\$140,981,421.9	\$173,547,877.7	\$428,024,504.1
Local	\$2,737,473.8	\$14,567,908.4	\$16,163,146.6	\$38,173,488.0	\$46,991,495.4	\$115,896,038.4
Operating	\$1,742,576.8	\$9,273,403.5	\$10,288,874.5	\$24,299,861.7	\$29,913,086.2	\$73,775,225.8
Total	\$16,247,768.2	\$86,700,475.4	\$96,645,275.1	\$230,056,699.5	\$286,203,225.9	\$699,605,675.9

Source: Region 1 Planning Council, Rockford Mass Transit District

Long-Range (FY 2041 – FY 2050)

The amount of public transit funding that is anticipated to be available in the last 10-year period (FY 2041 – FY 2050) of the 2050 MTP is \$320,863,879, including \$286,203,226 for operating and \$34,660,653 for capital. Of those funds, it is anticipated that \$70,411,420 will be allocated from federal funding programs and \$173,547,878 will be derived from state sources. Local and operating revenues are anticipated to total \$76,904,582.

Anticipated revenues for public transportation over the next 30-years is \$784,633,656, including \$699,605,676 for operating and \$85,027,980 for capital. The resulting funding forecasts are illustrated in Table 2-5. The table includes the 5-year average in which forecasts were based upon.

Phase 3: Expenditure Forecasts

The allocations that Rockford Mass Transit District (RMTD) receives from federal, state, and local sources is anticipated to cover operations and most of the capital expenditures within the urbanized area over the 30-year planning horizon of the 2050 MTP. Expenditure projections have been calculated for operating expenses based upon the five-year average of expense totals between FY 2015 – FY 2019, and capital expenses are based on a basic bus replacement schedule for the MTP forecast period FY 2021 – FY 2050. Both operating and capital expenditures are based on a no-growth assumption as RMTD does not have any additional planned expenses outside of capital replacement and operating.

Similar to Transit Revenues, operating expenditures were aggregated into cost bands, allowing the MPO to inflate revenues to the middle year of the cost band. Expenditures for the capital replacement of rolling stock were based upon an approved bus replacement schedule and annually inflated bus purchase pricing. The plan assumes a 2.1 percent inflation rate for operating expenses and public transit capital. These rates were chosen

based upon best practices. Expenditure amounts described below are expressed in year of expenditure dollars.

Current (FY 2021 – 2025)

The amount of expenses incurred in the next 5-year period is \$98,865,596, including \$86,465,117 for operating expenses and \$12,400,479 for the capital replacement of 14 Fixed-Route, 12 Paratransit, and 3 Boone County buses.

Short Range (FY 2026 – FY 2030)

The total amount of expenses incurred between FY 2026 and FY 2030 is \$116,860,451, including \$95,933,358 for operating expenses and \$20,927,093 for the capital replacement of 19 Fixed-Route, 24 Paratransit, and 9 Boone County buses.

Mid-Range (FY 2031 – FY 2040)

The amount expected incurred for mid-range expenses, occurring between FY 2031 and FY 2040, is \$259,836,132, including \$226,571,655 for operating expenses and \$33,264,477 for the capital replacement of 27 Fixed-Route, 34 Paratransit, and 13 Boone County buses.

Long-Range (FY 2041 – FY 2050)

The amount of public transit expenses anticipated to incur in the last 10-year period (FY 2041 – FY 2050) of the 2050 MTP is \$335,354,732, including \$278,909,302 for operating expenses and \$56,445,430 for the capital replacement of 38 Fixed-Route, 42 Paratransit, and 12 Boone County buses.

Anticipated expenses for public transportation over the next 30-years is \$810,916,911, including \$687,879,432 for operating and \$123,037,479 for the capital replacement of 98 Fixed-Route, 112 Paratransit, and 37 Boone County buses.



35' Diesel Hybrid Electric Buses

Phase 4: Results

Tables 2-6 and 2-7 display the capital and operating revenues and expenditures between 2021 and 2050 across four cost bands: current (2021 – 2025), short-range (2026 – 2030), mid-range (2031 – 2040), and long-range (2041 – 2050).

It should be noted that for public transportation projections an assumption has been made that current funding strategies will remain the same as of the development of the 2050 MTP, which is often not the case in dynamically funded services. Often public transit operators need to shift directions due to updates related to federal transportation funding authorization bills, but they also have to adjust capital and operating spending based on state and local funding sources.

For example, following nationwide trends and goals, RMTD is currently converting its bus fleet to alternative-fueled options, such as electric-hybrid buses. This decision has directly impacted their current capital replacement strategy due to the higher initial cost, and will require multiple scenario-planning activities to rebalance capital needs with revenues. However, this transition is captured within the snapshot of funding used for the projections, and ultimately results in an imbalance of capital expenditures and expected revenue. Strategies to combat the discrepancy will continue to evolve as RMTD takes advantage of opportunities, such as growing federal discretionary capital funding programs and money awarded during various statewide capital plans that largely supplement the basic formula funding used for this analysis.

Table 2-6. Capital Expenditure Forecast by Source, in Year-of-Expenditure Dollars

Cost Band	Revenues	Expenditures	Difference
Current			
(2021-2024)	\$13,532,286.3	\$12,400,478.5	\$1,131,807.8
Short			
(2025-2030)	\$11,044,259.6	\$20,927,093.2	-\$9,882,833.6
Mid			
(2031-2040)	\$25,790,780.9	\$33,264,477.3	-\$7,473,696.4
Long			
(2041-2050)	\$34,660,652.9	\$56,445,430.0	-\$21,784,777.1
30-Year Totals			
(2021-2050)	\$85,027,979.7	\$123,037,479.0	-\$38,009,499.3

Source: Region 1 Planning Council.

Table 2-7. Operating Expenditure Forecast by Type, in Year-of-Expenditure Dollars

Cost Band	Revenues	Operating	Difference
Current			
(2021-2024)	\$86,700,475.4	\$86,465,117.2	\$235,358.2
Short			
(2025-2030)	\$96,645,275.1	\$95,933,357.6	\$711,917.5
Mid			
(2031-2040)	\$230,056,699.5	\$226,571,655.1	\$3,485,044.3
Long			
(2041-2050)	\$286,203,225.9	\$278,909,301.6	\$7,293,924.4
30-Year Totals			
(2021-2050)	\$699,605,675.9	\$687,879,431.5	\$11,726,244.4

Source: Region 1 Planning Council.

Part 3:

Financial Resources

The following section provides key funding programs for transportation-related projects in the Rockford Metropolitan Planning Area (MPA). This is not a comprehensive list of all of the federal, state, or local financing programs, but includes the most commonly used within the region.

Federal Programs

As seen throughout the 2050 MTP, Fixing America's Surface Transportation (FAST) Act guides the metropolitan transportation planning process and the development of the MTP. Equally as important, through this legislation Congress authorized the federal government, acting through the U.S. Department of Transportation (USDOT), to spend its transportation revenue on programs that support the current public policy interests of the nation. The FAST Act is the first long-term surface transportation authorization enacted in a decade that provides long-term funding certainty for surface transportation.

The Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA) are the main providers of federal transportation funding in the Rockford region and allocate funding based on statutory formulas, as set by legislation, and to local and state public agencies through competitive discretionary grant programs. In most cases, the State of Illinois, acting through the Illinois Department of Transportation (IDOT) acts as a pass through for federal funding to the region's municipalities, counties, and transit systems.

Highways

Highway Bridge Program (HBP)

The Highway Bridge Program (HBP) provides funds to replace or rehabilitate deficient highway bridges, perform systematic preventive maintenance, and retrofits. The Illinois Major Bridge Program (IMBP) is the state-designated HBP program and provides funding for construction and construction engineering of local public agency bridges which are estimated to cost more than one million dollars to rehabilitate or replace. Eligible structures must

Formula vs Discretionary Funds

Formula Funds: also referred to as apportionments, are the distribution of Federal-aid highway funds using a formula provided in law.

Discretionary Funds: also known as allocations, are the distribution of Federal-aid funding on any basis other than statutory formula.

Source: Federal Highway Administration

be greater than 20 feet in length and a sufficiency rating less than 80 for rehabilitation and a rating of less than 50 for replacement. This program requires a 20 percent local match.

Highway Safety Improvement Program (HSIP)

The Highway Safety Improvement Program (HSIP) is the core Federal-aid program with dedicated funding to achieve significant reductions in traffic fatalities and serious injuries on all public roads. The state of Illinois also has a High Risk Rural Roads (HRRR) program under the HSIP program that provides funds for construction and operational improvements on rural collector and locally-classified roads with fatal and incapacitating injury crash rates above the state average. Both the HSIP and HRRR programs have a competitive selection process and requires a 10 percent local match.

National Highway Freight Program (NHFP)

The Fixing America's Surface Transportation (FAST) Act established a new National Highway Freight Program (NHFP) to improve the efficient movement of freight on the National Highway Freight Network (NHFN). A competitive process is used to select projects to receive funding. While the local match for these funds is typically 20 percent, there are some projects in which the federal share of the project cost may cover 90 to 100 percent, e.g. certain types of improvements (predominately safety improvements).

National Highway Performance Program (NHPP)

The National Highway Performance Program (NHPP) provides funding to use for construction on national highways (including the interstate system and other principal arterials), and for efforts to maintain and repair highways to meet performance targets set in states' asset management plans. While the local match for these funds is typically 20 percent, there are some projects in which the federal share of the project cost may cover 90 percent of the total costs.

Surface Transportation Block Grant (STBG)

The Fixing America's Surface Transportation (FAST) Act converted the long-standing Surface Transportation Program (STP) into the Surface Transportation Block Grant (STBG). The program is a formula program that provides flexible funding to address both state and local transportation needs. More specifically, this program funding may be used by States and localities for projects to preserve and improve the conditions and performance on any Federal-aid highway, pedestrian and bicycle infrastructure, transit capital, planning projects, and intercity passenger projects. Certain set-asides are required by law, including funding for Transportation Alternatives (TA), State Planning and Research (SPR), and funding for bridges not on the federal-aid highway system. Funds from this pool are also suballocated to:

- Urbanized areas with population greater than 200,000- this portion is divided among the state’s TMAs, who are responsible for identifying projects in their respective regions for funding;
- Areas with population greater than 5,000 but no more than 200,000 - the State is responsible for identifying projects in these areas for funding; and
- Areas with population of 5,000 or less – this portion of the suballocation is for rural projects on any Federal-aid highway, including NHS, and bridge or safety projects on any public road.

The STBG program is administered through the Illinois Department of Transportation programs. Locally, the STBG suballocation to the Rockford TMA is administered by the Rockford MPO through a competitive selection process. STBG funds require a 20 percent local match.

Transportation Alternatives (TA) Set-Aside

The Transportation Alternatives (TA) set-aside of the STBG program provides funding for projects and activities that promote alternative transportation methods, such as pedestrian and bicycle facilities.

The statewide TA program, administered by IDOT has been divided into two separate grant programs: Illinois Transportation Enhancement Program (ITEP) and Safe Routes to School Program (SRTS). The ITEP provides funding for community based projects that expand travel choices and enhance the transportation experience by improving the cultural, historic, aesthetic and environmental aspects of our transportation infrastructure. The SRTS program funds can be used for infrastructure-related and non-infrastructure-related projects that are intended to encourage increase physical activity levels of children in primary and middle schools by making bicycling and walking to school

a safer and more appealing transportation alternative. The local TA program, administered by the Rockford MPO, is known as the Transportation Alternatives Program (TAP). Both the ITEP and TAP programs have a competitive selection process and requires a 20 percent local match. IDOT’s SRTS program is a competitive selection process and does not require a local match.

Public Transportation

Enhanced Mobility of Seniors & Individuals with Disabilities (Section 5310)

Section 5310 provides formula funding to states for the purpose of assisting private nonprofit groups in meeting the transportation needs of older adults and people with disabilities when the transportation service provided is unavailable, insufficient, or inappropriate to meeting these needs. Projects and programs previously under FTA’s New Freedom program are eligible for Section 5310 funds. RMTD and IDOT are the co-designated recipients for Section 5310 funding allocated to the Rockford Urbanized Area. While not directly allocated to the MPO, in coordination with RMTD, the MPO has created a process to help determine the best use of the Section 5310 funds received. The program requires a 20 percent local match for eligible capital costs and a 50 percent match for operating assistance.

Grants for Buses and Bus Facilities Formula Program (Section 5339)

Section 5339 provides funding to states and designated recipients to replace, rehabilitate, and purchase buses and related equipment and to construct bus-related facilities including technological changes or innovations to modify low or no emission vehicles or facilities. The program requires a 20 percent local match.



TA Project: Jefferson Street Underpass Reconstruction

Rural and Small Urban Areas (Section 5311)

FTA's Section 5311 program provides capital, planning, and operating assistance to states to support public transportation in rural areas with populations of less than 50,000, where many residents often rely on public transit to reach their destinations. The local share is 20 percent for capital projects, 50 percent for operating assistance, and 20 percent for Americans with Disabilities Act (ADA) non-fixed route paratransit service.

Urbanized Area Formula Grant (Section 5307)

FTA allocates Section 5307 funds as subsidies to eligible public transit agencies to use for capital equipment (buses, equipment, structures, etc.), planning, job access and reverse commute projects, and some limited operating expenses related to the Federally-required assistance transit agencies must provide to persons with disabilities. The minimum required local match for capital purposes is 20 percent.

State Programs

Roadways

Consolidated County Program

The Consolidated County Program provides funding to all counties, excluding Cook County, based on the formula developed for the Motor Fuel Tax (MFT). This program was created through the combination of three previous special county programs. Distribution, eligible, and match ratios are the same as MFT funds.

Economic Development Program (EDP)

Economic Development Program (EDP) aids improvements for highway access to new or expanding industrial distribution or tourism developments. This program provides funds for preliminary engineering, construction, construction engineering, and contingencies. This program uses state-only funds and is designed to provide 50 percent state funding for eligible locally-owned roads and 100 percent state funding for roadway improvements on state-owned roads. Funds are apportioned through a competitive selection process.

High Growth Cities

The High Growth Cities program provides state assistance to municipalities, with a population over 5,000, experiencing above-normal population growth. Funding is distributed among eligible cities based on their current population and per capita increase compared to all eligible cities. Agencies eligible and match ratio are the same as Motor Fuel Tax (MFT).

Crossing Safety Improvement Program

The Illinois Commerce Commission (ICC) provides funding through the Crossing Safety Improvement Program to pay for safety-related improvements at highway-railroad crossing within the state. For local roads, the Illinois General Assembly created the Grade Crossing Protection Fund (GCPF) to fund the majority of the project costs at highway-railroad crossings on local roads.

Local public agencies can submit applications to ICC throughout the year. Prioritized projects are then selected and incorporated into the ICC's Crossing Safety Improvement Program.

Illinois Department of Transportation (IDOT)

Funding authorized by the Illinois Department of Transportation to assist with transportation-related projects and programs for a source other than those listed.

Needy Township

The Needy Township program assists townships and road districts that do not meet minimum revenue requirements for maintaining local roads. This program distributes to the townships and road districts with the lowest ability to generate revenue on a per-mile basis. Agencies eligible and match ratio are the same as Motor Fuel Tax (MFT).

Recreational Trails Program (RTP)

The Recreation Trail Program (RTP) provides funds to develop and maintain recreational trails and trail-related facilities for both non-motorized and motorized recreational trail use. As defined by FHWA, recreational uses include hiking, bicycling, in-line skating, equestrian use, cross-country skiing, snowmobiling, off-road motorcycling, all-terrain vehicle riding, four-wheel driving, or using other off-road motorized vehicles. This program has an annual competitive selection process and requires a 20 percent local match.

Truck Access Route Program (TARP)

The Truck Access Route Program (TARP) assist local agencies in upgrading the pavement design of roadways to accommodate the 80,000-pound truck loads. Funds are awarded through a competitive selection process. State funding will not exceed 50 percent of the total construction cost or \$900,000, whichever is less.

Public Transportation

Transit Downstate Operating Assistance Program (DOAP)

The Downstate Operating Assistance Program (DOAP) was established by the Illinois General Assembly to provide operating funds to assist in the development and operation of public transportation services in areas outside of the RTA region. This program provides reimbursement of up to 65% eligible operating and administrative expenses as defined under the Downstate Public Transportation Act and the Program Rules.

Transit Transportation Development Credits (TDC's)

Federal credits earned by IDOT and Illinois State Toll Highway Authority (ISTHA) that are based on actual expenditures made by toll authorities to build and improve public highway facilities within the state that carry vehicles involved in interstate commerce. Credits can be used by eligible public transportation agencies to cover all or a portion of the non-federal share on any authorized

transit project, essentially allowing projects to be funded with 100% federal funds.

Local Sources

Motor Fuel Tax (MFT)

Motor fuel tax (MFT) funding is derived from a tax on all volatile liquids compounded or used for fueling motor vehicles for the privilege of operating motor vehicles upon public highways. MFT provides funds for the purpose of improving, maintaining, repairing, and constructing roads. The current state motor fuel tax rate is 38 cents per gallon of gasoline/gasohol and 45 cents per gallon of diesel fuel. IDOT allocates MFT funds to counties, townships, and municipalities as outlined in the MFT fund distribution statute, 35 ILCS 505/8.

Retail Sales Tax (RST)

Retail sales taxes allows local and state governments to collect funds for a consumer of certain goods or services at the point of purchase. RST rates vary depending upon the jurisdiction in which the purchase was made.

Tax Increment Financing (TIF) District

Tax increment financing is a public financing method that is used as a subsidy for redevelopment, infrastructure, and other community-improvement projects. TIF funds usually are a small portion of the overall project costs and are meant to close the gap between conventional bank financing, the owner's funds, and the project's costs.

Other Local Funding

Funding authorized by the municipalities and counties to assist with transportation-related projects and programs from a source other than those listed above, including special assessments, funding committed by a private landowner or developer, bonds, etc.

As noted above this is not a comprehensive list of all of the federal funding programs, but a sample of programs that are most commonly received in the region.

Rebuild Illinois Capital Plan

On June 28th, 2019, Governor Pritzker signed the Rebuild Illinois capital plan to fund transportation projects along with other investments. Beginning July 1st, 2019, the MFT law was amended to impose a tax rate increase from 19 cents to 38 cents per gallon on gasoline. This was the first time the MFT tax rate was increased since 1989.

Source: State of Illinois

Appendix A: Funding Source Summary Table

Table A-1. Funding Source Summary Table

Name	Acronym	Type	Distribution Method	Programmed By	Match Ratio
Consolidated County Program	-	State	Formula	IDOT	up to 100%
Crossing Safety Improvement Program	-	State	Selection	ICC	90/10
Economic Development Program	EDP	State	Selection	IDOT	100% state route
Enhanced Mobility of Seniors & Individuals with Disabilities	5310	Federal	Formula	RMTD	Capital: 80/20
General Funds	GF	Local	Discretionary	Local	N/A
Grants for Buses and Bus Facilities Formula Program	5339	Federal	Formula	IDOT	80/20
High Growth Cities	-	State	Formula	IDOT	up to 100%
Highway Bridge Program	HBP	Federal	Formula	IDOT	80/20
Highway Safety Improvement Program	HSIP	Federal	Selection	IDOT	90/10
Illinois Department of Transportation	IDOT	State	Discretionary	IDOT	N/A
Illinois Transportation Enhancement Program	ITEP	Federal	Selection	IDOT	80/20
Motor Fuel Tax	MFT	Local	Formula	Local	up to 100%
National Highway Freight Program	NHFP	Federal	Selection	IDOT	80/20
National Highway Performance Program	NHPP	Federal	Formula	IDOT	80/20
Needy Township	-	State	Formula	IDOT	up to 100%
Recreational Trails Program	RTP	State	Selection	IDNR	80/20
Retail Sales Tax	RST	Local	Discretionary	Local	N/A
Rural and Small Urban Areas	5311	Federal	Formula	IDOT	Capital: 80/20 Operating: 50/50
Safe Routes to School	SRTS	Federal	Selection	IDOT	up to 100%
Special Assessments	SA	Local	Discretionary	Local	N/A
State of Good Repair Grants	5337	Federal	Formula	IDOT	80/20
Surface Transportation Block Grant - Bridge	STBG-B	Federal	Formula	IDOT	80/20
Surface Transportation Block Grant - Rural	STBG-R	Federal	Formula	IDOT	80/20
Surface Transportation Block Grant - State Programmed	STBG-S	Federal	Formula	IDOT	80/20
Surface Transportation Block Grant - Urban	STBG-U	Federal	Formula	MPO	80/20
Tax Increment Financing District	TIF	Local	Discretionary	Local	N/A
Transportation Alternatives Program	TAP	Federal	Formula	MPO	80/20
Truck Access Route Program	TARP	State	Selection	IDOT	\$45K/lane mile,
Urbanized Area Formula Grant	5307	Federal	Formula	RMTD	80/20

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Additional Resources

2050 Metropolitan Transportation Plan for the Rockford Region

<http://r1planning.org/mtp>

2050 MTP Technical Memorandum #1: Public Engagement Process

<http://r1planning.org/mtp>

2050 MTP Technical Memorandum #2: Scenario Planning Process

<http://r1planning.org/mtp>

2050 MTP Technical Memorandum #3: Modeling Framework

<http://r1planning.org/mtp>

2050 MTP Technical Memorandum #5: Project Evaluation Process

<http://r1planning.org/mtp>

2050 MTP Technical Memorandum #6: Detailed Project List

<http://r1planning.org/mtp>

Region 1 Planning Council Website

<http://r1planning.org/>

2050 Metropolitan Transportation Plan Webpage

<http://r1planning.org/mtp>

Transportation for Tomorrow (2040): A Long Range Plan for the Rockford Region

<http://r1planning.org/fundamentals>

Transportation Improvement Program

<http://r1planning.org/tip>



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